

TO CONSIDER THE PRESIDENT'S NOMINATION  
OF PHILIP LADER TO BE ADMINISTRATOR  
OF THE SMALL BUSINESS ADMINISTRATION

---

Y 4. SM 1/2:S. HRG. 103-949

To Consider the President's Nominat...

HEARING  
BEFORE THE  
COMMITTEE ON SMALL BUSINESS  
UNITED STATES SENATE  
ONE HUNDRED THIRD CONGRESS  
SECOND SESSION

TO CONSIDER THE PRESIDENT'S NOMINATION OF PHILIP LADER TO BE  
ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

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THURSDAY, OCTOBER 6, 1994



103-949  
U.S. GOVERNMENT PRINTING OFFICE

87-128

WASHINGTON : 1995

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For sale by the U.S. Government Printing Office  
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402  
ISBN 0-16-046721-7



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Administration

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**TO CONSIDER THE PRESIDENT'S NOMINATION OF PHILIP LADER TO BE ADMINISTRATOR OF THE U.S. SMALL BUSINESS ADMINISTRATION**

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**THURSDAY, OCTOBER 6, 1994**

**U.S. SENATE,  
COMMITTEE ON SMALL BUSINESS,  
*Washington, DC.***

The committee met, pursuant to notice, at 3:07 p.m., in room 428A, Russell Senate Office Building, Hon. Dale Bumpers (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. DALE BUMPERS, U.S. SENATOR FROM THE STATE OF ARKANSAS**

The CHAIRMAN. We are meeting today to consider the President's nomination of Phil Lader of South Carolina to be the new Administrator of the Small Business Administration.

I have a lot of laudatory things to say about Phil and his predecessor, but because of time constraints, I am going to include my opening statement in the record and defer to my distinguished ranking member, Mr. Pressler.

[The prepared statement of Senator Bumpers follows:]

**Statement of  
Senator Dale Bumpers  
U.S. Senate Committee on Small Business  
6 October 1994**

The Committee today meets to consider the President's nomination of Philip Lader of South Carolina to be the new SBA Administrator. Mr. Lader and his family are with us, and I am pleased to welcome them to the Committee.

Because the nominee is a long-time friend of our Ranking Minority Member, I will leave to Senator Pressler any more extended introduction of him.

It goes without saying that Mr. Lader has a tough act to follow. Erskine Bowles has restored SBA's credibility as few would have thought likely in less than two years. I believe SBA's morale is much improved, I know that Congress has a renewed confidence in the administration of SBA programs which was lacking for several years.

President Clinton has also made SBA a key player in setting Administration policy, which is another a refreshing change. I have every reason to believe that this precedent will be followed, perhaps even enhanced, as Phil Lader takes over the reins of SBA and Mr. Bowles begins new duties in the White House.

If there is one concern which I want to emphasize to the nominee, it is this: SBA has a large and growing number of programs, some of which are quite complex. Congress added to SBA's work just last night with the final passage of S. 2060, a new three-year authorization bill which contains several new programs and many program changes. It troubles me that SBA and small business are politically popular these days and everyone wants to get in on the act. There is an abundance of good ideas, and some not-so-good but well-meaning ideas.

But where are we going to find the resources to implement these new programs and ideas? SBA's loan programs have grown dramatically since 1991 in response to real economic needs. Staff to deliver these programs, however, is no larger than it was ten years ago.

We had an unhappy experience with the SBIC program in the late 1980s and early 90s--an experience which I hope is behind us. Seven hearings in this Committee convinced me that the greatest single problem was the lack of adequate personnel to oversee the program, and especially those firms already in liquidation. We cannot let such problems fester from neglect. I hope the nominee will assure us that he will not only fight for adequate funding and personnel within the Administration's budget process, but that he will come to us and let us know what and where the problems are.

Phil Lader has an outstanding background in business and has acquired a broad range of government experience in the last two years. I have confidence that he can deliver for small business in the same way his predecessor did. I hope Senators will cooperate in moving this nomination forward before Congress adjourns.

**STATEMENT OF HON. LARRY PRESSLER, U.S. SENATOR FROM  
SOUTH DAKOTA**

Senator PRESSLER. I also would like to welcome Phil Lader, whom I have known for about 30 years and have admired.

I am going to put my statement in the record, also, because we are going to hear from Senators Thurmond and Hollings. But I welcome him and his family here. It is a thrill for me to be a part of this.

[The prepared statement of Senator Pressler follows:]

STATEMENT OF SENATOR LARRY PRESSLER  
 U.S. SENATE COMMITTEE  
 ON SMALL BUSINESS  
 HEARING ON THE CONFIRMATION OF  
 PHILIP LADER  
 TO BE ADMINISTRATOR  
 U.S. SMALL BUSINESS ADMINISTRATION  
 OCTOBER 6, 1994



I would like to thank Chairman Bumpers for holding today's confirmation hearing on Phil Lader for the position of Administrator at the U.S. Small Business Administration. As this will, in all likelihood, be the last hearing of the committee during the 103rd Congress, I want to say what a pleasure it has been to work with Senator Bumpers and the other members of the committee over the last two years. It has been my privilege to serve as Ranking Member during that time.

I also want to welcome Phil to the committee this afternoon. I have known Phil and his family for years--Phil and I were in school together a few years back--and look forward to today's hearing.

Since graduating from Harvard Law School in 1972, Phil has been a successful businessman, educator, and government executive. Among his successful business ventures is the world renown Sea Pines Company, a developer and operator of recreational communities in South Carolina. During the Clinton Administration, Phil has served ably as Deputy Director of the Office of Management and Budget and as White House Deputy Chief of Staff.

However, if confirmed, he will face a difficult and challenging task. The Small Business Administration is in need of a major overhaul. The agency has been plagued by numerous scandals and needs strong leadership.

To the nominee, I simply would say, Phil, the small business community needs someone who is willing to stand up on such issues as health care reform and say unequivocally: "employer mandates are bad for small business." The community needs a strong Administrator to lead the charge against excessive government regulation and paperwork requirements. I hope you are willing to accept this most difficult challenge and look forward to working with you in the months to come.

Mr. Chairman, thank you again for calling this hearing. I have a number of questions, many of which I will submit for the record.

The CHAIRMAN. Senator Thurmond and Senator Hollings, thank you for being with us.

Senator Thurmond, you have done what Bill Fulbright used to say when he would introduce John McClellan as the senior junior Senator in the United States Senate. [Laughter.]

Senator Thurmond, you do not have time to respond to that. Senator Thurmond, we are very honored to have you with us and welcome any comments you have about our nominee.

#### **STATEMENT OF HON. STROM THURMOND, U.S. SENATOR FROM SOUTH CAROLINA**

Senator THURMOND. Thank you very much, Mr. Chairman and members of the Committee.

I am pleased to be here this afternoon to introduce Mr. Philip Lader, President Clinton's nominee to be Administrator of the Small Business Administration.

Mr. Lader is from Hilton Head, SC, where he and his lovely wife, Linda, and their two beautiful daughters, Mary Catherine and Whitaker, maintain their permanent residence.

He received his undergraduate degree from Duke University and his masters degree at the University of Michigan. He graduated from Harvard law school, and also studied graduate law courses at Oxford University. He is one of the most highly educated men in the United States.

Mr. Lader has proven to be a capable businessman, who is highly regarded among his peers. He was president of the Sea Pines Co., a recreational community developer, and later was executive vice president of Sir James Goldsmith's United States holding company.

He was an able educator in South Carolina as president of Winthrop University. I had the opportunity to work with him often while he was in this position.

He did a fine job and was held in high esteem. He was also the president of Bond University, the first private university in Australia.

He has played an active role in South Carolina politics, education, and business. Mr. Lader was a candidate for governor in 1986, chairman of the South Carolina Governor's Small and Minority Business Council, a director of the South Carolina Chamber of Commerce, a director of First Union National Bank, and also director of the First Bank.

He and his wife cofounded Renaissance Weekend in 1981. This annual retreat brings together diversely experienced individuals to discuss issues concerning our Nation.

Mr. Lader formerly served as Deputy Director for the Management of the Office of Management and Budget, and is currently the White House Deputy Chief of Staff.

Mr. Lader's experience, both in the private and public sector, gives him the skills that are necessary to serve in the position for which he has been nominated. The Small Business Administration plays a vital role in the development of our country's economy.

I am certain that Mr. Lader will bring to the Small Business Administration the dedication and integrity essential to the vitality of small businesses; and, therefore, I am pleased and honored to rec-

ommend him to the members of the Committee on Small Business for the position of Administrator.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Thurmond. I know that Mr. Lader greatly appreciates those kind comments, and we certainly appreciate your coming over to introduce him to the committee.

Senator Hollings.

### **STATEMENT OF HON. ERNEST HOLLINGS, U.S. SENATOR FROM SOUTH CAROLINA**

Senator HOLLINGS. Thank you, Mr. Chairman. Senator Pressler and Senator Burns, as has the distinguished chairman, have put complimentary remarks and gratitude to Erskine Bowles, who is being succeeded as SBA Administrator. Erskine has done an outstanding job, as you and I both know, working on the Appropriations Committee. I will put my full statement in the record.

Last night George Mitchell was talking about being the son of immigrant parents. Here is another fellow that has gone all the way to the top, his father from the Ukraine, his mother from North Africa, highly educated, highly skilled.

He came to our State, and more or less set the example for small business, tourism, and development. Hilton Head is a showcase, a leading entity down there. There is the Sea Pines Plantation, that puts on the big golf match at the Heritage every year.

When big companies come into our States, they really know that you cannot get anything done unless everyone works together. We do not do that in Congress. This has been the damndest adversarial session I have ever been a part of.

Phil Lader has shown he can work with the high and the low, the Republican, the Democrat, the employee, and the employer. He is organized, and has orchestrated with his distinguished wife, Linda, the Renaissance sessions. Larry Pressler has been there several times.

We get the best and the brightest from all kinds of walks of life, professions, the media, government, private industry, and they have them all in a consummate 3- to 4-day session, and they are all working and pulling together. I am confident that is what he is going to do with the Small Business Administration.

Ten years ago he was the chairman of the Governor's Minority and Small Business Council in South Carolina. He did an outstanding job there. So this is nothing new to him.

He has already been confirmed, as we know, in the Senate, as the Deputy Director of the Office of Management and Budget, and, of course, he is currently serving as the Deputy Chief of Staff to the President.

So we are delighted to have his wife, Linda, here, and Mary Catherine, Whitaker, his two daughters. They are a team and we are lucky to have them in Government. You cannot get a better administrator for the Small Business Administration than Phil Lader.

The CHAIRMAN. Thank you very much, Senator Hollings.

[The prepared statement of Senator Hollings follows:]

## STATEMENT BY SENATOR HOLLINGS

NOMINATION OF PHILIP LADER TO BE ADMINISTRATOR  
U.S. SMALL BUSINESS ADMINISTRATION

GOOD MORNING. CHAIRMAN BUMPERS, SENATOR PRESSLER AND OTHER MEMBERS OF THE SMALL BUSINESS COMMITTEE, IT GIVES ME GREAT PLEASURE TO APPEAR TODAY TO INTRODUCE PHIL LADER TO BE HEAD OF THE SMALL BUSINESS ADMINISTRATION (SBA).

PHIL IS A GOOD FRIEND AND A FELLOW SOUTH CAROLINIAN. I CANNOT THINK OF ANYONE WHO HAS A BETTER BACKGROUND IN BUSINESS AND MANAGEMENT ISSUES AND WHO IS MORE QUALIFIED TO TAKE OVER AT SBA.

PHIL IS ALREADY WELL KNOWN AS THE CREATOR OF THE RENAISSANCE WEEKEND AT HILTON HEAD. I AM HERE TODAY TO INTRODUCE PHIL LADER AS A RENAISSANCE MAN, A MAN WHO HAS DISTINGUISHED HIMSELF AS A BUSINESSMAN, LAWYER, EDUCATOR AND FAMILY MAN; HE IS A MAN OF IDEAS AND TRULY REPRESENTS THE AMERICAN DREAM.

PHIL LADER WAS BORN IN QUEENS, NEW YORK, OF IMMIGRANT PARENTS. HIS FATHER EMIGRATED FROM UKRAINE AND WORKED AS A SHORT ORDER COOK. HIS MOTHER, OF FRENCH AND ITALIAN BACKGROUND, EMIGRATED FROM NORTH AFRICA. FROM THE BEGINNING, HE DISTINGUISHED HIMSELF AS A MAN OF LEARNING. HE HOLDS A BACHELORS DEGREE FROM DUKE, A MASTERS DEGREE FROM MICHIGAN, AND A LAW DEGREE FROM HARVARD. HE DID GRADUATE WORK AS AT OXFORD UNIVERSITY IN THE UNITED KINGDOM.

AS CHAIRMAN OF THE APPROPRIATIONS SUBCOMMITTEE THAT OVERSEES THE SMALL BUSINESS ADMINISTRATION, I KNOW ONLY TOO WELL THE IMPORTANCE OF SBA TO THE NATIONS ECONOMY. THAT'S THE SECTOR OF OUR ECONOMY WHERE TWO-THIRDS OF NEW JOBS ARE CREATED.

UNDER THE CLINTON ADMINISTRATION, SBA HAS MOVED FROM A BACKWATER AGENCY TO THE FOREFRONT IN ECONOMIC POLICY. SBA HAS BECOME A CORNERSTONE IN A NUMBER OF ADMINISTRATION INITIATIVES SUCH AS EMPOWERMENT, EXPORT PROMOTION, AND HEALTH REFORM. THE OUTGOING HEAD OF SBA, ERSKINE BOWLES, DESERVES A LOT OF CREDIT FOR UNDERTAKING A NUMBER OF MANAGEMENT REFORMS THAT HAVE TRULY ~~MOTTED~~ THE AGENCY MOVING. SBA IS REDUCING HEADQUARTERS STAFF AND GETTING RESOURCES AND SERVICES OUT IN THE FIELD TO THE PEOPLE. SIGNIFICANT STEPS HAVE BEEN MADE IN STREAMLINING LOAN APPLICATIONS AND PROCESSING, AND OF COURSE, SBA CONTINUES TO PLAY A LEADERSHIP ROLE IN GETTING FEDERAL ASSISTANCE TO THOSE IN NEED WHEN DISASTERS HIT, LIKE THE NORTHLAND EARTHQUAKE, AND THE MIDWEST FLOODS.

SO, THE PRESIDENT HAS TURNED TO A REAL PROFESSIONAL, A REAL RENAISSANCE MAN, TO TAKE OVER THE SBA AND CONTINUE THE JOB OF REVITALIZING THE SBA. IN THE WORLD OF BUSINESS AND PUBLIC ADMINISTRATION, PHIL LADER IS KNOWN AS BOTH AN EDUCATOR AND "PRACTITIONER."

PHIL SERVED AS PRESIDENT AT WINTHROP UNIVERSITY AND AS A PROFESSOR OF BUSINESS ADMINISTRATION AND PUBLIC POLICY. HE KNOWS FIRSTHAND THE VALUE OF UNIVERSITY BASED SBA PROGRAMS LIKE THE SMALL BUSINESS INSTITUTE (SBI) PROGRAM AND SMALL BUSINESS DEVELOPMENT CENTERS.

PHIL LADER UNDERSTANDS THE IMPACT THAT SBA CREDIT AND TECHNICAL ASSISTANCE PROGRAMS HAVE ON CREATING JOBS, STIMULATING THE ECONOMY AND IN POSITIVELY AFFECTING PEOPLE'S LIVES. HE WAS CHAIRMAN OF THE SOUTH CAROLINA GOVERNOR'S SMALL AND MINORITY BUSINESS COUNCIL, AND A DIRECTOR OF THE SOUTH CAROLINA CHAMBER OF COMMERCE. HE SERVED AS A DIRECTOR OF FIRST UNION NATIONAL BANK AND FIRST CAROLINA BANK.... AND OF COURSE WE ALL KNOW THAT SBA CREDIT PROGRAMS PRINCIPALLY SERVE TO REDUCE RISK TO THE PRIVATE SECTOR INSTITUTIONS SO THEY ARE WILLING TO LEND LOANS TO SMALL BUSINESSES. PHIL WAS PRESIDENT OF THE BUSINESS EXECUTIVES FOR NATIONAL SECURITY AND A MEMBER OF MY COMMERCE COMMITTEE'S TRAVEL AND TOURISM ADVISORY COUNCIL. AND, I CAN TELL YOU THAT HE KNOWS BUSINESS FIRSTHAND... HAVING BEEN THE PRESIDENT OF THE SEA PINES COMPANY. ANYONE WHO HAS VISITED THE COASTAL AREAS OF MY HOME STATE, KNOWS THE QUALITY OF THE RECREATIONAL AND RESIDENTIAL DEVELOPMENT THAT HAS OCCURRED IN AREAS LIKE HILTON HEAD.

ECONOMIC DEVELOPMENT AND SMALL BUSINESS DEVELOPMENT ARE NOT SOLELY THE PURVIEW OF THE SMALL BUSINESS ADMINISTRATION. CONSIDER THIS POSITION AFTER H. WING SERVED AS DEPUTY DIRECTOR FOR

MANAGEMENT AT THE OFFICE OF MANAGEMENT AND BUDGET, AND AS DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT AT THE WHITE HOUSE....PHIL LADER WILL BE IN A UNIQUE POSITION TO COORDINATE SBA'S PROGRAMS WITH THOSE OF OTHER FEDERAL AGENCIES LIKE THE ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) AND MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA) OVER IN THE DEPARTMENT OF COMMERCE. I THINK IT IS FAIR TO SAY THAT WITH HIS BACKGROUND IN MANAGEMENT AND WITH THE VICE PRESIDENT'S NATIONAL PERFORMANCE REVIEW, WE ALL EXPECT PHIL TO HIT THE GROUND RUNNING AND CONTINUE TO MAKE THE SBA AND ITS PROGRAMS EVEN MORE EFFECTIVE.

I KNOW THAT HIS WIFE LINDA AND DAUGHTERS MARY-CATHERINE AND WHITAKER ARE VERY PROUD OF HIM. WE ALL ARE. HE TRULY UNDERSTANDS THE TRUE "PUBLIC SERVICE" AND CHAIRES OUT A MODEL

FOR THOSE CONSIDERING CAREERS IN THE PUBLIC SERVICE.  
AND OF COURSE, WHILE THE JOB

HE IS ASSUMING IS VERY TAKING AND DEMANDS LONG HOURS AND SPEND TIME ON THE ROAD, REATS AND ALL. AND I THINK IT IS FAIR TO SAY THE PRESIDENT AND FIRST LADY ALL EXPECT PHIL AND LINDA TO CONTINUE SPONSORING THOSE WONDERFUL RENAISSANCE WEEKENDS AT HILTON HOTEL.

The CHAIRMAN. Mr. Lader, we are very fortunate to have somebody from South Carolina, because, as you perhaps know, Senator Hollings holds the purse strings.

We make a lot of noise in this Committee, but the final analysis is that Senator Hollings' committee decides how much money we have here.

Senator HOLLINGS. I turn it over to Dale. [Laughter.]

The CHAIRMAN. Everybody who believes that, stand on their head and wiggle their ears. [Laughter.]

Senator BURNS. Has he done that really? [Laughter.]

The CHAIRMAN. Senator Thurmond and Senator Hollings, thank you very much for coming over. We appreciate your being with us.

At this point, since it is going to be very difficult to establish a quorum here today, I am going to ask unanimous consent that any Senator who appears here this afternoon be counted as helping establish the quorum, and if they cannot stay for a vote, may vote anytime before 6 p.m. today. Is there any objection to that?

Senator HOLLINGS. I'll vote now. [Laughter.]

The CHAIRMAN. Perhaps we ought to wait for a motion to be made.

Senator BURNS. We might make that motion, and then we will talk to him.

The CHAIRMAN. Thank you Phil, would you like to introduce your family to the members of the committee? We would be delighted to have you do so, if you would like.

Mr. LADER. I would, sir. Let me introduce my wife, Linda LeSourd Lader, and my two daughters, Mary Catherine and Whitaker; and Linda's father, Leonard LeSourd, who for some 30 years was editor of Guidepost magazine, and his wife Sandra Simpson LeSourd.

The CHAIRMAN. That is a good Methodist publication, isn't it?

Mr. LADER. It is non partisan. [Laughter.]

The CHAIRMAN. Well, we are honored to have all of you with us, Phil. We are looking forward to hearing your statement.

Senator WELLSTONE. Mr. Chairman.

The CHAIRMAN. Senator Wellstone.

#### **STATEMENT OF HON. PAUL D. WELLSTONE, U.S. SENATOR FROM MINNESOTA**

Senator WELLSTONE. Could I just give a very warm greeting, and, congratulations to your family, and proudly cast an aye vote, since I do have to leave for another engagement?

The CHAIRMAN. Well, let me be sure everybody understands this. The motion will be made to report his nomination favorably, and it will be necessary for you to record your vote after that.

Senator WELLSTONE. Oh, I see.

The CHAIRMAN. If you cannot be here then, please call by 6 p.m. and record your vote. OK?

Senator WELLSTONE. Yes.

#### **STATEMENT OF PHILIP LADER NOMINEE, ADMINISTRATOR, U.S. SMALL BUSINESS ADMINISTRATION**

Mr. LADER. Thank you, Senator.

Mr. Chairman, Senator Pressler, members of the committee, my family and I are deeply honored for me to appear before you today as President Clinton's nominee for the position of Administrator of the U.S. Small Business Administration.

Let me thank you and members of your staff especially for the many personal kindnesses shown me in this confirmation process. I also appreciate, of course, my home-State Senators generous introductions and thank them for two decades of friendship.

My greatest appreciation must be expressed, though, to my wife, to my late parents and aunt, without whose selfless support I would not have had most of the opportunities of my life.

I must also observe the wonderful coincidence of sharing yet another experience with Larry Pressler, who as he said, has been my classmate and friend for just a little bit more than a quarter of a century.

Mr. Chairman, this committee has a noteworthy record of bipartisan support for our Nation's small businesses, a principal engine of our economy.

The work of Erskine Bowles, as Administrator, and Cassandra Pulley, as Deputy Administrator, has resulted in an agency which is less top-heavy, more customer-oriented, and ready, I believe, to be led to new levels of service and impact. If confirmed, I would strive to build on that record.

Having devoted 20 years to real-world, hands-on practical business and management challenges, I understand the problems of access to capital, regulatory burdens, and overwhelming paperwork.

Responsible for operations in diverse fields, I have had to meet payrolls, to make tough personnel decisions, to live within budgets.

Witnessing Government operations firsthand as the Office of Management and Budget's Deputy Director for Management, and then as the White House's Deputy Chief of Staff, I have seen the Government's need for more business-like disciplines and greater responsiveness to public needs.

That is why, if confirmed, I would seek to render close oversight of SBA's vast array of programs, to enhance its services to the men and women who provide the imagination and perspiration to this Nation's small businesses, and to champion their needs at the senior-most levels of Government.

I would work tirelessly, in close consultation with the Congress and in cooperation with other agencies, to relieve the regulatory burden on small businesses.

I would encourage in the Small Business Administration, and through its Governmentwide relationships, a spirit of perpetual re-engineering to shape its programs and management in response to changes in the global economy.

Small businesses, as this committee knows best, generate most of the new jobs in America. They provide our citizens livelihoods and lives unparalleled in the world. My life and work have demonstrated this to me.

If confirmed, I would work closely with you, your colleagues in the House and Senate, and the President to make the U.S. Small Business Administration an even more significant force in expanding the opportunities of our fellow citizens and ensuring the economic strength of our country.

Thank you, Mr. Chairman.  
[The prepared statement and committee questionnaire of Mr. Philip Lader follow:]

Statement of Philip Lader,

Nominated to be

Administrator, U.S. Small Business Administration

October 6, 1994

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Philip Lader Statement  
Page Two

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*as for the next four*  
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**UNITED STATES SENATE  
COMMITTEE ON SMALL BUSINESS  
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

**A. BIOGRAPHICAL DATA**

NAME:  Lader (Last)	Philip (First)	(name) (Other)
POSITION TO WHICH NOMINATED: Administrator, U.S. Small Business Adm.		DATE OF NOMINATION: 9/29/94
DATE OF BIRTH: 17 Day    03 Month    46 Year		PLACE OF BIRTH: Jackson Heights, NY
MARITAL STATUS: Married	SOCIAL SECURITY NUMBER: 267-74-0619	FULL NAME OF SPOUSE: Linda LeSourd Lader

NAME AND AGES OF CHILDREN

Name/Age	Name/Age
Mary Catherine Lader (9)	
Linda Whitaker Lader (7)	
	.

EDUCATION:

Institution	Dates Attended	Degrees Received	Dates of Degrees
Duke University	9/62 - 6/66	A.B.	6/66
Univ. of Michigan	8/66 - 5/67	M.A.	5/67
Fembroke College, Oxford University	9/67 - 6/68	Graduate Studies in Law	
Harvard Law School	9/68 - 1/72	J.D.	1/72
		-	

EMPLOYMENT

List below all positions held since college, including the title and description of job, name of employer, location and dates. If it would simplify this question for you, you may attach a copy of page 3 of the SF-86 instead of listing the information below. Please clearly indicate that you have selected this if you do, below.

Please see Schedule: "Employment."

## EMPLOYMENT (Continued)

## MILITARY SERVICE

Describe any military service not listed above, including dates, rank and type of discharge

U.S. Army (Judge Advocate General) Reserves,  
1969 - 1975 (Honorable Discharge with rank  
of E-5, enlisted personnel)

## HONORS AND AWARDS

List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Please see Schedule: "Honors and Awards"

## MEMBERSHIPS

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates	Office Held (if any)
Please see Schedule: "Memberships"		

**GOVERNMENT EXPERIENCE**

List any experience in or direct association with Federal, State or Local governments, including any advisory, consultative, honorary, or other part-time service or positions.

Please see Schedule: "Gov't Experience"

**POLITICAL AFFILIATIONS AND ACTIVITIES**

List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the past 10 years.

Please see Schedule: "Political Activities"

**B. FUTURE EMPLOYMENT RELATIONSHIPS**

1. What are your intentions regarding connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Upon joining the Administration in 1993, I severed all such connections consistent with the guidelines of the Office of Government Ethics.

2. Do you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization?

No.

3. Has anyone made a commitment to employ your services in any capacity after you leave government services?

No.

4. If confirmed, will you serve your full term of office?

Yes, at the pleasure of the President.

## C. FINANCIAL DATA

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF-278).
2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.
Mr. and Mrs. Lader are eligible for customary retirement benefits from the Retirement Plans noted in his SF 278.
3. List sources and amounts of all items of value received during each of the past 3 years (including, but not limited to, salaries, wages, fees, dividends, capital gains or losses, interest, gifts, rents, royalties, patents and honoraria of yourself, your spouse and other immediate members of your household. (In lieu of the above, you may submit copies of your Federal income tax returns for these years.)  Please see my Federal income tax returns for the past three years (attached).
4. Have you declared bankruptcy? If so, describe the circumstances.  No.
5. Have you ever been a party to a lawsuit either as a plaintiff or defendant? If so, please explain the circumstances of the outcome.  I have never been sued. Corporations of which I have been an officer or director have been parties to lawsuits in the ordinary course of business.
6. Have you filed Federal and state income tax returns in a timely manner for each of the past 10 years? If not, please explain.  Yes.
7. Has the Internal Revenue Service ever conducted an audit of your Federal tax return? If so, what resulted from the audit?  A few audits over the past 20+ years have resulted in minor adjustments.

## D. POTENTIAL CONFLICTS OF INTEREST

1. List any investments, obligations, liabilities or other relationships which might cause potential conflicts of interest with the position to which you have been nominated.

Please see opinion of the Designated Agency Ethics Official of the Small Business Administration attached to Form SF-278.

2. Describe any business relationship, dealing or financial transaction (other than taxpaying) that you have had during the past 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client or acting as an agent, which might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

Please see answer to #1 above.

3. Describe any lobbying activity which you have performed during the past 10 years with respect to legislative or administrative actions at the Federal, state, or local level.

None, except in the ordinary course of performing my roles as White House Deputy Chief of Staff and, formerly, Deputy Director for Management of the Office of Management & Budget.

4. Have you been informed of the conflict of interest laws and regulations applicable to the position to which you have been nominated?

Yes.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to this form and the attachments thereto. Attach a statement of the appropriate agency ethics official explaining the applicable laws or regulations, any potential conflicts and the action required to resolve such conflicts.

Please see answer to #1 above.

6. Explain how you will resolve any potential conflicts of interest that may arise in the future if you are confirmed for the position for which you have been nominated.

Please see answer to #1 above. I have been advised by the Designated Agency Ethics Official of the Small Business Administration that any such conflicts of interest must be resolved by measures required under the applicable statutes and regulations, and I intend to abide by such advice.

**E. CIVIL, CRIMINAL AND INVESTIGATORY ACTIONS**

1. Give the full details of any criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, state or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

**F. TESTIFYING BEFORE CONGRESS**

1. Are you willing to appear and testify before any duly constituted Committee of the Congress on such occasions as you may be reasonably requested?

Yes.

2. Are you willing to provide such information as is requested by such Committee?

Yes.

**G. OTHER**

Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

## H. REMARKS

## I. PUBLIC DISCLOSURE

Public Disclosure of all or part of this form is optional according to committee. See applicable committee instructions.) Do you have any objections to this form and the attachments being made public?

Public Disclosure of all or part of this form is optional according to committee. See applicable committee instructions.) Do you have any objections to this form and the attachments being made public?

## J. AFFIDAVIT

I, Philip Lader, being duly sworn, hereby state that I have read the foregoing Statement for Completion by Presidential Nominees, including all attachments thereto, and that the information provided therein is, to the best of my knowledge and belief, current, accurate and complete.

Prinjalee  
(Signature of Nominee)

Subscribed and sworn to before me this 3<sup>rd</sup> day of October, 1994  
1994

Elegante Rpt  
(Notary Public)  
My Comm Exp 6-14-98

SCHEDULE: "EMPLOYMENT"

**Assistant to the President and  
White House Deputy Chief of Staff  
Executive Office of the President, The White House  
Washington, DC (December, 1993, - current)  
(Deputy to Chiefs of Staff Thomas F. McLarty and, subsequently,  
Leon E. Panetta)**

**Deputy Director for Management,  
Office of Management and Budget  
Executive Office of the President  
Washington, DC (May, 1993 - December, 1994)**  
(Deputy to Director Leon E. Panetta; responsible for oversight of the Office of Federal Procurement Policy, the Office of Information and Regulatory Affairs, the Office of Federal Financial Management, and OMB's Management Division; concurrently served as Chairman of the Policy Committee of the Vice President's National Performance Review/"Reinventing Government" Initiative, Chairman of the Chief Financial Officers Council, Chairman of the President's Council on Integrity and Efficiency, Chairman of the Executive Council on Integrity and Efficiency, and Chairman of the President's Council on Management Improvement)

**Special Assistant to the Director,  
Office of Management and Budget  
(February, 1993 - May, 1993)  
(Counsel to Director Panetta on management issues; prior to Senate confirmation)**

**President, Vice-Chancellor, and Professor,  
Bond University  
Queensland, Australia (July, 1991 - February, 1993)  
(Chief academic/administrative officer of Australia's first private university)**

**President and Director,  
Business Executives for National Security  
Washington, DC (June, 1990 - July, 1991)  
(Chief executive officer of bi-partisan, national organization of American business leaders seeking to ensure a strong, affordable national defense)**

**President,  
First Southern Corporation  
Hilton Head Island, SC (January, 1974 - February, 1993)  
(Owner/manager of assets management, management consulting, and meeting planning company, part-time, and, during periods in which Mr. Lader was not employed by others, full-time)**

**Executive Vice President,  
GOSL Acquisition Corporation  
Hilton Head Island, SC (September, 1986 - December, 1988)  
(Asset manager of nation-wide real estate/"higher-and-better use properties")**

## SCHEDULE: "EMPLOYMENT" (Page Two)

**Candidate for Democratic Nomination for  
Governor of South Carolina**

Columbia/Rock Hill, SC (January - June, 1986)  
(Finished second of four candidates to incumbent Lt. Governor and waived right to run-off)

**President and Professor of Business & Public Policy,  
Winthrop University (then-College)**

Rock Hill, SC (August, 1983 - December, 1985)  
(Chief academic/administrative officer of 5,000-student, 115-year-old, State-supported institution)

**Executive, Sea Pines Company**

Hilton Head Island, SC (September, 1973 - August, 1983)

**President, Sea Pines Company (June, 1979 - August, 1983)**

(Chief operating officer of 5,000-acre recreational community, including hotel/rental accommodations, restaurants, conference/sports facilities, real estate development/sales, and nationally televised PGA, tennis & other sports events)

**Executive Vice President, Sea Pines Associates**

(August, 1975 - September, 1979)

(Chief operating officer of management consulting firm providing professional services related to real estate, tourism, conservation, and land use)

**Executive Assistant to the Chairman, Sea Pines Company**

(September, 1973 - June, 1975)

(Assistant to company's founder on joint venture negotiations, land-use/zoning planning, and new product research)

**Partner,  
Hartzog, Lader & Richards**

Hilton Head Island, SC (January, 1974 - December, 1987)

(Part-time management consultant on conservation, recreation, real estate, and historic preservation)

**Law Clerk to U.S. Judge Paul H. Roney,  
U.S. Court of Appeals for the Fifth Circuit**

St. Petersburg, FL/New Orleans, LA

(September, 1972 - September, 1973)

(Legal assistant to Federal appellate judge)

**Instructor in Political Science (part-time),  
Eckerd College (formerly Florida Presbyterian College)**

St. Petersburg, FL (September, 1972 - September, 1973)

(Taught constitutional law for undergraduates)

**Interim Associate,  
Sullivan & Cromwell**

New York, NY (May - September, 1972)

(Legal assistant in large law firm's corporate department)

**SCHEDULE: "EMPLOYMENT" (Page Three)**

**Assistant Professor of Political Science,**  
**Newton College** (subsequently merged with Boston College)  
Newton, MA (September, 1971 - May, 1972)  
**Instructor** (February, 1970 - September, 1971)  
(Taught constitutional law, local government, American history, and related courses for undergraduates)

**Teaching Fellow** (Law and Government),  
**Harvard College**  
Cambridge, MA (February, 1970 - May, 1972)  
(Assisted Professors Paul Freund and Louis Hartz with undergraduate courses; taught Freshman Expository Writing; served as Proctor)

**Summer Associate,**  
**Musick, Peeler & Garrett**  
Los Angeles, CA (June - August, 1971)  
(Legal research and drafting)

**Winter Associate,**  
**Nossaman, Waters, Scott, Krueger & Riordan**  
Los Angeles, CA (December - February, 1971)  
(Legal research and drafting)

**Winter Associate,**  
**Debevoise, Plimpton, Lyons & Gates**  
New York, NY (November - December, 1970)  
(Legal research and drafting)

**Enlisted Personnel** (Honorable Discharge with rank of E-5),  
**U.S. Army**  
(Active duty: Basic Training at Fort Campbell, KY, July - September, 1970; Judge Advocate General Corps assignment at Fort Lee, VA, August - September, 1970)

**Summer Associate,**  
**Cravath, Swaine & Moore**  
New York, NY (June - July, 1970)  
(Legal research and drafting)

**Summer Associate,**  
**Law, Inc.**  
(Tampa, FL - subsequently dissolved) (June - August, 1969)  
(Legal aid research, drafting, and assistance)

**SCHEDULE: "EMPLOYMENT" (Page Four)**

**Journalism Intern,  
St. Petersburg Times**

(St. Petersburg, FL) (June - August, 1967)  
(Newspaper writing, editing, and publishing assignments)

**Summer Sales/Marketing Trainee,  
Richardson-Merrell Corp.**

(Mid-West region) (June - August, 1966)

(The aforementioned positions comprise all of Mr. Lader's employment since his graduation from college. Other professional associations from which he derived income, as well as all occasional and part-time employment since he was 18 years of age, have been included in his SF-86.)

SCHEDULE: "HONORS AND AWARDS"

Phi Beta Kappa (named in 1966)

Omicron Delta Kappa (named in 1966)

Pi Sigma Alpha (named in 1964)

Honorary Doctorate in Humane Letters, University of South Carolina

Honorary Doctorate in Law, Limestone College (South Carolina)

Who's Who in America and other U.S., Australian, and international  
"Who's Who" volumes

National Gold Medal (to Winthrop College during Mr. Lader's  
presidency) for "general improvement in programs," and

National Silver Medal (to the College and Mr. Lader) for  
"the President's role in institutional advancement,"

Council for the Advancement and Support of Education

Urban Land Institute Award for "excellence in large-scale  
community development"

Honorary Paul Harris Fellow (first person named by entire South  
Carolina District of Rotary International)

Honorary Member, Rock Hill and Hilton Head Island, SC, Rotary  
Clubs (named, respectively, in 1983 and 1982)

Leopold Schepp Scholarship (Harvard Law School)

Rotary International Scholarship (Oxford University)

Ford Foundation Honors/Masters Scholarship (The University of  
Michigan)

Duke, Elks, and Belk Foundation Scholarships (Duke University)

Graduation with Distinction in Political Science, Duke University

Various awards and certificates from education, civic, and  
management groups

SCHEDULE: "MEMBERSHIPS"

<u>Organization</u>	<u>Dates</u>	<u>Office</u>
Phi Beta Kappa	1966 - present	Member
Omicron Delta Kappa	1966 - present	Member
Harvard Club of New York City	1972 - present	Member
Metropolitan Club of Washington	1993 - present	Member
First Union Nat'l Bank (SC)	1989 - 1991	Director
South Carolina Chamber of Commerce	1980 - 1982	Director
Lincoln Institute of Land Policy	1989 - 1991	Director
Young Presidents Organization	1980 - present	Member
Society of Int'l Bus. Fellows	1990 - present	Member
Business Executives for Nat'l Security	1990 - 1993	Member
Renaissance Weekends	1981 - 1993	President
First Carolina Bank	1980 - 1982	Founder/Co-Hdst
Duke Univ. Sanford Inst. of Public Policy (Bd. of Visitors)	1980 - 1991	Director
SC State Colleges (College of Charleston, Lander College, Francis Marion College)	1981 - 1983	Trustee
Australian Vice-Chancellors Comm.	1991 - 1993	Member
South Carolina Rhodes Scholarship Committee	1983 - 1985	Chairman
South Carolina Council of College Presidents	1983 - 1985	Member
Duke University Alumni Assn.	1966 - present	Chairman
National Alumni Council	1989 - 1991	Member
Harvard Law School Alumni Assn.	1972 - present	Member
Harvard Club of SC	1989 - 1990	President
Univ. of Michigan Alumni Assn.	1967 - present	Member
American Bar Assn.	1972 - present	Member
South Carolina Bar	1976 - present	Member
Florida Bar	1972 - present	Member
District of Columbia Bar	1974 - present	Member
Registered SC Real Estate Broker	1976 - present	Member
U.S. Olympics SC Committee	1983 - 1984	Member
Interstate Recreation Co. (SC)	1978 - 1987	Director
Interstate Recreation Co. (FL)	1978 - 1987	Director
Reception Center Store Partnership	1978 - 1985	Partner
American Sports Dev't Service	1975 - 1978	Partner
Head Waterfun Park	1978 - 1985	Regent
Leadership South Carolina Alumni Assn.	1982 - present	Member
Urban Land Institute	1978 - 1983	Member

**SCHEDULE: "MEMBERSHIPS" (Page Two)**

Hilton Head Island Chamber of Commerce	1979 - 1982	Director
Hilton Head Preparatory School (formerly Sea Pines Academy)	1979 - 1981	Trustee
Sierra Club	1974 - present	Life Member
Common Cause	1975 - present	Member
Sea Pines Club	1983 - 1993	Hon. Mbr.
Philip and Linda LeSourd Lader Foundation	1986 - 1991	Board of Managers
St. Luke's Episcopal Church, Hilton Head Island, SC	1972 - present	Member
	1979 - 1983	Vestryman

SCHEDULE: "GOVERNMENT EXPERIENCE"

Assistant to the President and White House Deputy Chief of Staff  
(1993 - 1994)  
Deputy Director for Management, Office of Management & Budget,  
Executive Office of the President (formerly Special  
Assistant to the OMB Director) (As OMB Deputy Director for  
Management, Mr. Lader chaired various inter-agency councils,  
including the President's Council on Integrity and  
Efficiency and the Chief Financial Officers Council) (1993)  
Chairman of the Policy Committee, Vice President Gore's National  
Performance Review/"Reinventing Government" Initiative  
(1993)  
Chairman, South Carolina Governor's Small & Minority Business  
Council (1982 - 1985)  
Founding Director, South Carolina Jobs/Economic Development  
Authority (1983 - 1985)  
Member, South Carolina Governor Richard W. Riley's Jobs/Economic  
Development Task Force (1982 - 1983)  
Member, U.S. Senate Commerce Committee's Travel and Tourism  
Advisory Council (1983 - 1986)  
Trustee, South Carolina State Colleges (College of Charleston,  
Lander College, Francis Marion College) (1981 -1983)  
Title Insurance Legal Adviser, U.S. Government's Acquisition of  
Big Cypress National Preserve (Florida) (1974 - 1976)  
Member, Land Use/Natural Resources Committee, Commission on the  
Future of the South (1973 - 1974)  
Organizer, Southeast Governors' Conference on Land Use (1974)  
Enlisted Personnel, U.S. Army (Judge Advocate General Corps  
Reserves) (1969 - 1975)

SCHEDULE: "POLITICAL ACTIVITIES"Offices, Memberships and Activities

Candidate for Democratic Nomination for Governor of South Carolina (1986)  
 Chairman, South Carolina Democratic Leadership Council (1980 - 1983)  
 Chairman, South Carolina Democratic Party Business Policy Council (1986 - 1987)  
 Member, Clinton-Gore Budget Advisory Group (October - November, 1992)  
 Campaigned for Candidate Bill Clinton in South Carolina (January and October- November, 1992)  
 Hosted South Carolina Reception for Presidential Candidate Al Gore (1988)  
 Campaigned for South Carolina Gubernatorial Candidate Mike Daniel (after finishing second to him in primary) (1986)

Financial Contributions

Clinton-for-President Campaign (Plus \$12.61 Money Order purchased by Mr. Lader for his daughter, Mary Catherine, with funds raised by children's art sale she organized) (1991)	\$ 1,000
Ticket to Inaugural Dinner (1993)	1,500
Ticket to Inaugural Gala (1993)	750
SC Democratic Party Campaign Fund (1992)	1,000
Darrell Jackson-for-SC Senate	250
Jean Brown-for-Virginia House of Delegates Campaign (1990)	250
Clinton-for-Governor Campaign (1990)	1,000
Tom Campbell-for-Congress Campaign (CA) (1990)	500
Al Gore-for-President Campaign (1988)	100
Darrell Jackson-for-County Council Campaign (1988)	250
Chuck Fianning-for-County Council Campaign (1988)	250
Pritchard for SC Senate Campaign (1988)	200
South Carolina Democratic Party (1988)	85
Don Bonker-for-U.S. Senate Campaign (1988)	200
Heyward MacDonald SC Senate Campaign (1988)	100

(This list of contributions presents my best recollection of amounts above \$50 in the past 10 years; in addition, I financially supported my own 1986 campaign for SC Governor.)

PN1852

## NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,  
SENATE OF THE UNITED STATES,  
*October 4, 1994.*

*Ordered*, that the following nomination be referred to the Committee on Small Business:

Philip Lader, of South Carolina, to be Administrator of the Small Business Administration, vice Erskine B. Bowles.

October 6 , 1994.

Reported by Mr. Bumpers, with the recommendation that the nomination be confirmed.



The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate

## LETTERS SUBMITTED FOR THE RECORD

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P.2/2



## UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

October 6, 1994

Honorable Dale Bumpers  
 Chairman  
 Committee on Small Business  
 United States Senate  
 Washington, D. C. 20510

Dear Mr. Chairman:

I am delighted that the President has nominated my fellow South Carolinian, Phil Lader, whom I have known for some two decades, to serve as Administrator of the U.S. Small Business Administration.

Phil's background and career certainly have prepared him for this role in our Administration. As President of the Sea Pines Company in the 1970s and 1980s, he played a significant role both in the financial turnaround of that business and in the economic development of that part of our state. Because of that work and his experience in starting and advising new businesses and his assistance to me when I was Governor in crafting economic development legislation, I appointed him Chairman of our Small and Minority Business Council. In that capacity and as a founding Director of South Carolina's Jobs/Economic Development Authority, as well as a Director of our State and his local Chambers of Commerce, Phil played a very active role in small business development well beyond his personal business interests.

Even as President of South Carolina's Winthrop College, Phil taught business-related courses and served in public service capacities engaged in small business issues. For example, as a member of the U.S. Senate Commerce Committee's Travel and Tourism Advisory Council, he helped focus attention on the needs and importance of the countless small businesses that comprise this essential industry in our State and virtually every other.

Phil's more recent experience in this Administration, at OMB and in the White House, undoubtedly would be a very useful complement to his business background in serving as SBA's Administrator and as a spokesman for small business within the Councils of government.

I have known Phil and his family well, personally as well as professionally, and hope that, upon this confirmation, I shall have the opportunity to continue working closely with him.

Sincerely,  
*Dick Riley*  
 Richard W. Riley

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-0100

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10-06-94 10:57AM P002 #41



October 4, 1994

The Honorable Dale Bumpers  
Chairman  
U.S. Senate Committee on Small Business  
428A Russell Senate Office Building  
Washington, D.C. 20510

1155 15TH STREET, NW  
SUITE 710  
WASHINGTON, D.C. 20005  
202-293-8830  
FAX 202-872-8543

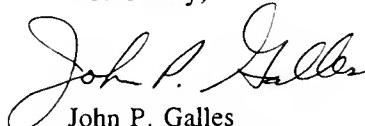
Dear Mr. Chairman:

I am writing to urge the Committee's swift action on the President's nomination of Philip Lader to be administrator of the Small Business Administration. We understand that time is short in this session of Congress. However, we believe that the SBA and the small business community would suffer if a fully confirmed Administrator does not head the agency for the next several months.

If the Senate does not confirm an administrator this year, it is unlikely to do so before March of 1995. This delay would leave the SBA leaderless during the critical months during which the administration will develop its 1996 budget. The upcoming 1995 White House Conference on Small Business also lends urgency to the confirmation process. A prolonged vacancy this fall and winter cannot be in the best interests of the SBA or its millions of small business constituents.

Mr. Lader is a well-known public servant who has been fully analyzed by the FBI. It is very unlikely that a delay in the confirmation process will shed any new light on his career or his character, both of which appear to be exemplary. We can think of no reason to delay action on this nomination. We urge you to act expeditiously to forward this nomination to the Senate floor. Thank you for your continued commitment to small business.

Yours truly,

  
John P. Galles  
Executive Vice President

The CHAIRMAN. Thank you. Mr. Lader, the first question is a mandatory question. Do you agree to respond to requests to appear to testify before any duly constituted committee in the Senate, and to direct your employees to do the same, upon appropriate notice?

Mr. LADER. Absolutely, sir.

The CHAIRMAN. Now, I have gone over your financial statement and the FBI report. I notice you hold stock in several banks, is that correct?

Mr. LADER. Yes, sir.

The CHAIRMAN. Those stocks are not in trust, right?

Mr. LADER. That's right, sir.

The CHAIRMAN. They are still held by you.

Mr. LADER. Yes, sir.

The CHAIRMAN. As you know, a lot of the SBA programs are calculated to work in cooperation with banks. For example, the 7A loan program is a guaranteed loan program where the bank actually makes the loan and we guarantee a percentage of that loan.

First of all, does that cause you any concern to hold that stock and know that you are going to be heading up an agency that has to deal fairly closely with banks?

Mr. LADER. I have discussed the matter thoroughly with the ethics officer at the Small Business Administration, and let me explain, Senator, that when I first entered Government service, I divested any other holdings I had, but because of a technical provision I did not divest the bank stocks which I owned. That was in compliance with my agreement with the Office of Government Ethics.

I shall continue to consult with the Ethics Office and the Office of Government Ethics, and if there is any reason why I should change that policy and divest those stocks, I will do so; but, certainly, I shall recuse myself from any matters pertaining to those particular banks. I will comply with whatever the Office of Government Ethics says the policy should be.

The CHAIRMAN. I note also that you have a number of mutual funds, some that deal in government securities, some of them deal in certain kinds of stock, and so on, and I assume that you are fairly diverse in that.

Do you know of any of those mutual funds which are engaged in any activities, in the stock market, the bond market, or any other market, which might possibly present a problem for you in dealing with the SBA programs?

Mr. LADER. I know of none, sir. Upon my entry in Government service, when I divested other holdings, those funds were reinvested in diversified mutual funds, which, under the opinion of the Office of Government Ethics, were accepted funds, sufficiently diverse, nonconcentrated either in geography or sector so that they would not raise any potential conflicts.

The CHAIRMAN. Did you make those reinvestments after you came into Government service?

Mr. LADER. Most of them. Yes, sir.

The CHAIRMAN. Was that a suggestion from the Government Ethics Office that you do that?

Mr. LADER. Yes, sir. Absolutely.

The CHAIRMAN. And you were complying with their request in that.

Mr. LADER. Precisely.

The CHAIRMAN. They have signed off on that, they say that that is a satisfactory resolution of the problem, if it is a problem.

Mr. LADER. That is right, sir.

The CHAIRMAN. Can you think of any other holdings that you might have? You are a fairly wealthy person, and in going over your financial statement, of course, I noticed that you have many, many kinds of holdings.

Those are the ones that really sort of jumped out at me. Can you think of anything else that might cause you a problem in the Administration with these programs?

Mr. LADER. No, sir. When I went to the OMB, because of the broad jurisdiction of the Office of Management and Budget, the Office of Government Ethics worked with me, and the ethics officer at OMB, to be sure that I would have no potential conflicts.

So I am confident at this point, based on their advice and instructions, that my holdings raise no potential conflicts.

If any were to be raised, if any member of your staff, or any member of this committee or OGE would want to focus on something, I would be very pleased to address it immediately.

The CHAIRMAN. Mr. Lader, let me ask you if you have had an opportunity, at least to rather superficially, acquaint yourself with the various SBA programs?

Mr. LADER. I have, sir. I cannot say that I can recite all the acronyms and all the numbers, but I am at least generally familiar with the programs.

The CHAIRMAN. Well, if it would give you any comfort, I have been around a long time, and I don't understand all of them either, so we are on the same wavelength on that.

But I just want to say that one of the things that always causes me pause, and I know it does Senator Pressler and other members of the committee, the SBA makes a lot of loans.

Some of them turn sour. Some people defraud the SBA. Some people file fraudulent applications for loans. And certainly in the late 1980's, we got into big fraud problems with the SBIC program.

We held hearings to see what we needed to do to avoid repetition of that kind of a problem. We still do not know what the Government losses were. It looked like \$500 million when we first started delving into it.

It turned out to be quite a bit less than that, and now SBA thinks that they are on the road to recovering most of the money. So there will be some losses, ultimately.

Of course, the best way to avoid that happening is to stay on top of it on the front end, not try to correct it after the train wreck.

So I just want to say, and I do not speak for everybody on the committee, but most of us have a deep and abiding appreciation for Erskine Bowles.

He was a venture capitalist. He understood venture capitalism, which is everything, as you know, to small business. They will tell you today that the No. 1 problem in small business is venture capital.

Erskine did an excellent job, I think, of staying on top of those programs, changing some of the rules and regulations to make sure that those programs didn't get out of hand and worked as they were designed to.

You know, my father was a small businessman. He used to say that if somebody sets out to get to you, they will probably get it done.

But our job, of course, is to try to promote small business, provide venture capital to those who deserve it, need it. At the same time, we need to avoid the kind of pitfalls that are always there, because right now morale has been soaring because we have the SBIC problem behind us, and we want to keep morale high. The best way to do that is to make those programs work the way they are designed to work.

That brings me to this point. I personally believe it is essential that the first thing you do there is to determine what kind of personnel shortage you have.

The SBIC problem would never have happened had we had adequate personnel to supervise those programs. But everybody has always picked on SBA, because they thought we were overstaffed, and we always had a very difficult time getting the money for staff.

So I am not going to ask you whether or not you will do that, I just want to make the point that we are looking to you to ask us for sufficient personnel to do the job, to make sure that we do not go through the trauma that we went through in the middle to late eighties over some of those programs.

Mr. LADER. I understand, sir. Let me respond with a few brief points. One, I fully agree that Erskine Bowles did a superb job as Administrator, and I would look to build upon his successes.

Second, when you look at the fact that the SBIC program, as you point out, has some 281 in operation, and some 199 in liquidation at this point, there is certainly the need for the type of tighter review on the initial licensing, and the best guarantee on that, I think, is the type of oversight you suggest on the front end as to the SBIC program.

Finally, if you consider a loan portfolio of \$26 billion which is, I gather, where we are at this point, and you recognize that there will certainly be delinquencies, but there is no substitute for the close oversight, as in any type of lending or administrative agency, and for that reason my primary responsibility, if confirmed, will be the oversight of this wide array of programs.

The CHAIRMAN. Before deferring to Senator Pressler, let me take note that there is now a sufficient number to make a quorum.

Senator Pressler.

Senator PRESSLER. Thank you. I will move very quickly, because I want my colleagues to have a chance to ask questions.

There are just two questions that are mandatory that I must ask you, as ranking member. One is, we all felt Erskine Bowles did an excellent job, but we did have one clash with him and that was over a mailing done by the SBA regarding President Clinton's health care reform plan.

We all sent a letter to him saying that we felt mailings of that sort were of a political nature.

You are going to be the head of this agency during an election. What are your views on these sorts of mailings?

Mr. LADER. Well, let me refer, if I can, Senator, to the GAO report that was done in response to the Congress's request.

I note just the first sentence, which led to the conclusion that, "SBA did not violate the statutory prohibitions on lobbying by preparing and distributing the brochure."

That being said, however, I want to quickly add that whether it is lawful is one question, whether it is right or done properly is a separate question. And I do not think it is appropriate here for me to revisit that particular issue.

But I will say that as I read the Small Business Act that gave rise to this agency, I see that there is the need to mandate, if you will, for the Administration and its Administrator to aid, to counsel, to assist, and to protect the interests of the small business community, and explicitly included in that is the completion of studies, the distribution of information, the dissemination of opinions.

The difficulty is, when you get on that verge of politics, from that of providing information.

I want this Committee to rest assured that if I am confirmed, before there would be an expenditure of any authorized funds, I would seek the counsel of the general counsel, the ethics officer, the inspector general at the Small Business Administration, to ensure that beyond the questions of lawfulness, that we are exercising good judgment, and not in any way jeopardizing the mission and the success of the agency on the basis of what might be perceived as a political activity.

Senator PRESSLER. The second question of great concern to me regards the Regulatory Flexibility Act. The Regulatory Flexibility Act was enacted by Congress in 1980 in order to provide regulatory relief for small businesses.

However, the RFA is full of loopholes agencies use to avoid compliance with the act. The most glaring defect in the RFA is the prohibition of judicial review. That is why Vice President Gore and his reinventing Government team support the appeal of the RFA's prohibition on judicial review.

Do you support full judicial review of the RFA? You may not be familiar with the Ewing-Hatch RFA amendments, but Senator Wallop has an RFA amendment that was attached to S-4, I believe. In general, what is your view on this?

Mr. LADER. I cannot speak to the specific amendments to which you refer, but I can say that I am relatively well acquainted with the Regulatory Flexibility Act, having been chairman of the policy committee of the National Performance Review, Vice President Gore's reinventing Government initiative.

As Senator Lieberman has heard me testify before, I strongly endorse the notion of judicial review of reg flex.

I think it is mandatory that Government agencies pay closer attention to the impact of what may be burdensome regulations, paperwork requirements and the like, that are part of their actions, on small businesses, in particular, and on other agencies.

I know there are issues regarding the application of the Administrative Procedures Act to various amendments which have been presented.

But I would say that as the administration's official position, I strongly endorse the notion of judicial review of reg flex, and I would encourage it even if there were time in this session of Congress for there to be action on it.

Senator PRESSLER. I have some additional questions, Mr. Chairman I covered most of them with Mr. Lader in my office.

They included a question on timber set-asides and other questions, and I will put them in the record. I want my colleagues to have the chance to ask questions on this busy day.

The CHAIRMAN. Thank you, Senator Pressler.

The CHAIRMAN Senator Lieberman.

**STATEMENT OF HON. JOSEPH I. LIEBERMAN, U.S. SENATOR  
FROM CONNECTICUT**

Senator LIEBERMAN. Mr. Chairman, I have an opening statement which I ask be included in the record. I do not really have any questions.

I am just delighted with this nomination. I am looking around the room; I do not know if anyone else serves on the Government Affairs Committee, but in May 1993, I had the opportunity to sit in a hearing for Phil Lader when he became the Deputy over at OMB.

I was impressed then. And having watched him on the job now for more than a year, I am even more impressed. So I feel we are extremely fortunate to have him taking over this very important agency, and I look forward to working with him.

I wish you well. Thank you for doing it.

The CHAIRMAN. Thank you very much.

[The information referred to follows:]



## OPENING STATEMENT OF SENATOR LIEBERMAN

Mr. Chairman, in May of 1993, Philip Lader appeared at a confirmation hearing before another committee on which I serve, the Government Affairs Committee, on his nomination to become Deputy Director for Management at the Office of Management and Budget. Since that time he has gone on to become the White House Deputy Chief of Staff and Assistant to the President. If I had to sum up my opinion of Mr. Lader, I'd say that I liked him in May of 1993 and I like him in October of 1994.

Heading up the SBA strikes me as a good fit for someone with Mr. Lader's impressive talents. He has an extensive business and management background. In addition to serving as the President of the Sea Pines Company in Hilton Head, he is also a former Executive Vice President with Sir James Goldsmith's U.S. holding company. As far as management goes, Senator Hollings noted in Mr. Lader's May of 1993 hearing that Mr. Lader has "earned a reputation for injecting get-up-and-go into institutions with iron-poor blood." I could not have said it better. Mr. Lader's most recent administrative miracle was at Bond University in Australia. Again, in Mr. Hollings' words, Mr. Lader "transformed a \$25 million deficit into an opration in the black, increased the enrollment by one-third, raised the academic standards, and graduated the school's first Rhodes Scholar." Not bad for eighteen months on the job! With these qualifications, the Small Business Administration will be lucky to have him at the helm.

I'm delighted that there is bipartisan support for Mr. Lader from the two Senators from Mr. Lader's home state of South Carolina, Senators Thurmond and Hollings. I hope that support bodes well for getting Mr. Lader confirmed quickly so that he can hit the ground running at the SBA.

I hope to return to the Senate next year. If I do, one of the things I look forward to is working with Mr. Lader, just as I have enjoyed working with his predecessor, Erskine Bowles.

The CHAIRMAN. Senator Bond.

**STATEMENT ON HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM MISSOURI**

Senator BOND. Thank you very much, Mr. Chairman.

Mr. Lader, I appreciate the opportunity that we have had on a number of occasions, most recently when you came by my office, to talk about our mutual interests in small business.

I really think, and I believe you would agree, that the growth of small business is important to our economy's growth and to the production of jobs in the future.

I got the sense from our conversation the other day that you would agree with me that there are sometimes unreasonable burdens which government puts upon small business.

Either overzealous enforcement or unnecessarily bureaucratic regulation can thwart the economic growth of the jobs they produce.

I know that we have all heard reports from a small business where some Federal agency, a faceless person down the line, has forced a small business to the brink of closure, or levied fines out of proportion in relation to the infraction, and done so, apparently, with no interest in working with the business owner.

It seems to me that this unnecessarily adversarial relationship has hurt both small business and the confidence of small business people in Government. I'm troubled about the cumulative burden that these regulations and bureaucratic insensitivity has caused.

In your position, I know you stated, that it is your statutory responsibility to administer the programs within the jurisdiction of the Small Business Administration properly. But what do you think you can do, as Administrator of the Small Business Administration, as the person looked to by small businesses, to bring these concerns to the highest level of policymaking in Washington?

Mr. LADER. Senator, you are right in reading me. I strongly agree with this as a principal challenge of this job. As the Administrator, if confirmed, I see at least three principal ways; two of which are legislative.

One is in working on the reg flex, which we have discussed before; second, Paper Reduction Act, and, therefore, close work with ORIA at the Office of Management and Budget.

I would say the third, perhaps, is the most important. That is the informal relationship with other agencies throughout the Government, to try to be the champion, if you will, of the perspective of small business people around this country, to try to help other agencies recognize the sometimes invisible-to-them burden of various paperwork requirements and regulatory burdens that they may be imposing.

To the extent that, through the National Economic Council, and as the President has indicated, by sitting as a member of the Cabinet, I would have the formal opportunity to have the interchange.

But even more important is the informal basis that I would have with the senior members of other agencies to try to draw their constant attention to the sheer burden of these regulations on the operations of small businesses.

Senator BOND. To be clear, have you seen instances where those might exist, since the time you have been in Washington, in this administration?

Mr. LADER. Well, certainly I have in my prior career as a business person, and I would have to say at ORIA, various times when I would work with Sally Kenson, the Head of ORIA, we would raise questions as to whether this was excessive or not excessive, and the like, and in the councils at OMB, we certainly would have discussions as to whether something was really necessary to accomplish its intended policy outcome.

Senator BOND. Knowing of your willingness to stand up for what you believe, I am sure there have been some battles that you have fought and won. Can you tell us about those?

Mr. LADER. Well, I would like to say that there are a number of battles in which I have been engaged. But one of the successes I gather of those who continue to win battles in the Congress or in the administration is to not take credit necessarily, but to simply recognize that I think perhaps there are some invisible fingerprints on several actions and that I would be happy in an informal way to share with you.

Senator BOND. Would you share those with me informally? I come from a State which is known as the "Show Me State."

We have a lot of talk, which is very expensive around here, but I would like to see some evidence of action. And we will have an opportunity later on, and I would be happy to discuss those with you in private.

Mr. LADER. Senator, if I might add, I will just say, for public consumption, you see the role that I played in the national performance review, and you have seen the extensive publications that they have generated, with specific recommendations, many of which have been implemented.

I think you see the public demonstration of the active role which I have taken this last year-and-a-half.

Senator BOND. Well, I believe that that is a very important role. We had very good conversations with Mr. Bowles, who was a very talented and a very able man when he first came before this Committee.

He assured us, and he spoke very persuasively that he was going to be an advocate for small business in all the councils of government.

I still believe he is a very able person, but, as our ranking member has already pointed out, there was what considered to be a major effort to turn small business around on behalf of a health care plan, which I think a significant majority of small business people did not support.

Now, you mentioned the GAO report which said that the SBA brochures did not break the law. They sent 93,000 brochures explaining the Clinton health care proposal.

Some 10,000 of those were turned over to the Democratic National Committee, which later reimbursed the SBA.

That has to be a red flag. It may not be illegal, but that is what my friends on the Missouri Highway Patrol, when they stop a suspicious car would stop it on what they call a JDLR. I asked what JDLR means, and they said "Just don't look right" to me.

And if anything ever failed the JDLR test, that brochure failed just bigger than all outdoors.

They sort of set up a hotline to spend \$250,000 a month to field questions about the cost of the plan. They blew about \$42,000 before they finally shut it down.

Now, I would hope, Mr. Lader, that with your business acumen and your sense of what is going on in Washington, we would not have to have a discussion about something like that during your tenure.

Do you think you understand the difference between what is against the law and a JDLR, and what is an appropriate activity on behalf of the SBA?

Mr. LADER. I think you have just encouraged me to put in the upper left-hand corner of my desk blotter JDLR as a constant reminder of this conversation.

I would say seriously, though, as I mentioned before, to my satisfaction in the reading of this GAO report, there was nothing unlawful.

But I made the distinction prior to your comment between what is unlawful or what is perhaps not the best judgment, or raises sufficient questions, as you may have done it differently.

And those are the types of issues that I want to consult with the general counsel, the ethics officer, and the inspector general before there is any expenditure of funds that could jeopardize in the eyes of this committee, in the Congress, and the public at large, the very recent successes of the Small Business Administration.

Senator BOND. In closing, I apologize to the chairman and to the members for taking so much time, but I would offer you a free piece of advice, which is just as good as what it costs.

You talked about the Office of Ethics and the IG, and all the counsels you have, and I think that is very important, you have to clear those things, but there is one thing that you can do in the position of the Administrator of the Small Business Administration before you take a step like that, and I would hope that based on your experience and what you have known, you would ask the small businesses that you serve what are their concerns.

One of the problems that we have time and time again in Washington is people come inside the beltway, and they are so smart, that they know all the answers. And I can see it is a wonderful heady experience up here. We know everything.

I would hope that in addition to asking all of those counsels and ethics gurus what is appropriate, that you would have a mechanism set up, through your field offices, and through your employees, to find out what the concerns are of small business.

And when you speak out, that you would have input of the people in the small business community which you serve, because I think that, more than anything else, is the best way to make sure that your tenure as the SBA Administrator is a successful one.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Wofford.

**STATEMENT OF HON. HARRIS WOFFORD, U.S. SENATOR FROM PENNSYLVANIA**

Senator WOFFORD. Mr. Lader, I look forward to your leadership of this agency. Your career has prepared you for it.

I have been very impressed with what I have seen of you and, over the years, as you have given leadership in other fields, including business, most successfully.

I do hope that you will lead the charge in this agency to make it an example of an agency that is on its way to reducing redtape, reducing paperwork, reducing bureaucracy, and being responsive.

I think some real progress has been made. I love the low documentation program. I hope that is just one of many steps on the way to making this an antibureaucratic bureaucracy.

The CHAIRMAN. Thank you, Senator Wofford. Senator Bennett.

**STATEMENT OF HON. ROBERT F. BENNETT, U.S. SENATOR FROM UTAH**

Senator BENNETT. Thank you, Mr. Chairman. I have neither questions nor comments, having settled them all when Mr. Lader came by my office. I am ready to vote.

The CHAIRMAN. Thank you very much, sir.

Senator Moseley-Braun.

**STATEMENT OF HON. CAROL MOSELEY-BRAUN, U.S. SENATOR FROM ILLINOIS**

Senator MOSELEY-BRAUN. Thank you very much, Mr. Chairman.

I would like to congratulate Mr. Lader, and also say that this is really a good news confirmation. You are taking on an agency, and you no doubt will be confirmed today by vote of this committee, but you are taking on an agency that has been a success story.

In the time that Erskine Bowles took over the SBA, he was able to innovate on a number of different areas that have been very positive for the small business community. Senator Wofford mentioned the low doc program that provides small businesses with easier access to credit.

There was the revolving line of credit program that gave small businesses access to a revolving line of credit of up to 75 percent of a million-dollar pool, which is very helpful, because most of those businesses would not have otherwise had access to a revolving line.

He changed the 16-year-old size standards for contractors to qualify for the SBA surety bond guarantee program, another success that allowed for an additional 11,500 small companies to qualify for SBA guarantees on bonds, and performance bonds, and payment bonds.

I was also delighted to see he instituted a three-phased approach to minority business development, which focused in on comprehensive business development assistance helping minority businesses and female-owned businesses to come into the economic mainstream, and to get the kind of support they needed to be competitive, and in order to function.

But most important of all was that Administrator Bowles took the time to listen to the concerns of the small business community.

He was accessible to them. He got out and brought a business approach, but a business approach that was both pragmatic, and

at the same time sensitive to the special needs that small businesses face in this time.

Given the importance of small businesses that my colleagues have touched on in their comments, I think that you really are coming in at a time with a success story.

I am optimistic that you will improve on that success story, so that we can all look back on your tenure as Administrator of SBA as one of accomplishing the positive objectives, and making them a real positive, permanent contribution to the way the Government interacts with our private sector.

Again, I just want to congratulate the nominee. I have reviewed your qualifications. I feel like this is déjà vu all over again, actually, since you have gone through a confirmation previously.

But just to say that I think with regard to the SBA, an agency that, in the past, has come under great criticism both from within and outside the Government, that we have a story to tell here.

It is a positive story, and it is one that gives people hope, and it is one that makes people feel good about what Government can do when it is operating at its best.

I would just encourage you, in your tenure as Administrator, to help get that story out, to tell people the good news of what is going on, when Government works as it should.

Admittedly, there are always problems, and there will always be glitches, and there will always be problems, and—what is that, “Don’t look right to me,” I like that.

I am going to get a sign made up like that, also—“Don’t look right to me.”

But the glitches notwithstanding, the fact is this really is a good news agency at this point, and I am hopeful that you will continue in that vein, and will continue to again get the story out to people that Government can serve the public interest when it is directed by someone who has a commitment to serve those ends.

So I congratulate the President and you on this nomination.

Mr. Chairman, I am prepared to give you my proxy or vote, as the case may be.

The CHAIRMAN. Thank you.

Senator Kemptione.

#### STATEMENT OF HON. DIRK KEMPTHORNE, U.S. SENATOR FROM IDAHO

Senator KEMPTHORNE. Mr. Chairman, thank you very much. Mr. Lader, I look forward to enthusiastically endorsing your nomination. I think you are an outstanding candidate for this position.

I appreciated the courtesy that you extended to me by coming by the office so we could have a good discussion, and I look forward to future opportunities for that.

I have just a couple items. I would like your perspective, Phil, if you could give us some idea of how you will go about personally assuring yourself that you do have a sense as to what is going on with the small businessperson, because I think about when I walk down the sidewalk in Soda Springs, ID, and a small businessowner comes out and tells me some of the burdens he or she is experiencing, how are you going to stay in touch with those folks, in light

of the fact that you have been appointed to a position here in Washington, DC?

Mr. LADER. The SBA is a retail operation. Erskine Bowles, among other accomplishments, did a very good job of starting to push resources down to the district level.

I need to spend a considerable amount of time at those 100 district offices in the 50 States. I need to be getting to know employers, employees, sole proprietors, as well as the leaders of their particular interest groups who may be in Washington.

That requires a great deal of time in the field with them, a very open office for them to have occasion to come and talk about their concerns.

And it requires a type of discipline, I think, Senator, of the sorts of questions to be asked of virtually every issue, activity, and loan, to be asking is, is this particular activity going to be generating more jobs, and fostering greater economic development.

Are we doing everything to prevent or minimize fraud or abuse there? Is this a wise use of taxpayer dollars?

Most importantly, is this generally in the best interest of the small business community. Those are the sorts of screens for how I spend my time that I would ask you to hold me accountable to, and that is going to require a great deal, as the Senator said before you, of listening, as well as acting.

Senator KEMPTHORNE. I am encouraged to hear you say that you will personally be actively participating in a great deal of that sort of operation, to listen, and be out there and hear it firsthand.

Also, when we talk about burdens, one of the most recent issues that we discussed dealt with health care, specifically employer mandates. Can you give me your thoughts on employer mandates, your perspective?

Mr. LADER. Let me add this perspective, in a sense of where we were, where we are, and where we are going. Where we were, America's health care is the best in the world, but in the small business community, and the Nation at-large, for a couple of decades, and particularly in the debate in the last year-and-a-half, issues as to coverage, the complexity of administrative procedures, the portability of coverage, and the like, raised huge stakes in the small business community.

I have to say that my work in the last year-and-a-half in the administration was not involved with health care, and so my information is that of the informed layman, as opposed to someone who was involved in the policymaking on that subject, to date.

Where we are now, it seems to me that all the plans, and you know better than I, are open for further discussion, debate, and revision. Where we are going, where employer mandates may be, I cannot say.

I can simply say that since my knowledge is only that of someone who has been an employer and employee, I understand the bottom line concerns of many in the small business community.

But I also understand that there are other perspectives in the small business community on employer mandates and other provisions of health care reform, the spiraling costs of coverage for employees; the fact that most small businesses pay a disproportionate amount, compared to larger employers; the challenge that the

small businessperson has attracting, recruiting, and retaining employees, when a larger business enterprise may be able to get insurance coverage at a lower cost.

I say all this, because I cannot say specifically today, on employer mandates or any other provision, or what may have been one of the bills yesterday, where I stand.

What I have to do is be prepared, with an open eye, in continuing conversation with the small business community, as Senator Bond has urged that the Administrator had, to listen, to share the views of the small business community with the President, and the senior most levels and counsels of Government, and then to communicate and build and rebuild bridges, as necessary. An employer mandate will be one of those subjects in this coming year.

Senator KEMPTHORNE. And in doing so, I know you recognize the importance of your position, which is to be the advocate for small business here in Washington, and to the administration, but to be that voice, after you have listened to what they are saying about items such as employer mandates.

I have a final question. Am I correct to assume that your family still subscribes to Guidepost? [Laughter.]

Mr. LADER. I dare not say otherwise. Absolutely, sir.

Senator KEMPTHORNE. I grew up on Guidepost magazine. I still treasure it each month. With that as part of your family, it is a wonderful foundation.

Mr. LADER. It is a small business that did well.

Senator KEMPTHORNE. It did very well.

Mr. LADER. And nonprofit.

Senator KEMPTHORNE. Mr. Chairman, thank you very much.

The CHAIRMAN. Thank you.

Senator Kohl.

#### **STATEMENT OF HON. HERB KOHL, U.S. SENATOR FROM WISCONSIN**

Senator KOHL. Thank you very much, Mr. Chairman.

I have had the opportunity to meet with Mr. Lader, and I have followed his career. He is a very, very successful man. You have done everything you have done in your life with excellence. There is no question in my mind that—

Mr. LADER. Except my basketball, sir.

Senator KOHL. All right. [Laughter.]

There is no question in my mind that you are going to do a really good job. I think that, as has been said by many people here, we have made a good start in revitalizing the SBA, and making it relevant to the lives, and to the jobs, and the professions that exist out there that depend on SBA.

I am convinced that you are going to be an outstanding Administrator. I feel really good about you as a person and about your commitment.

I am delighted that you are here before us, and I have no doubt you are going to get unanimous approval. I am very happy for you and for your family.

Mr. LADER. Thank you. Senator, I must comment, I appreciate your generosity. I have made lots of mistakes in my business life

and professional life, so it is more than just basketball in which I have not achieved the levels that you suggest.

But, hopefully, I have learned a lot from them, and in some of the issues that we have been discussing the last few minutes, some of those lessons can apply.

Senator KOHL. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Kohl.

Senator Nunn.

#### **STATEMENT OF HON. SAM NUNN, U.S. SENATOR FROM GEORGIA**

Senator NUNN. Mr. Chairman, I will not ask any questions. I might just say, though, that Senator Kohl pays about \$500,000 even for mediocre players, and a lot more than that if you are good. [Laughter.]

I think that Phil Lader is very well qualified. I know he has had an outstanding career in everything he has done.

As his résumé shows and his statement shows, he has been involved in hands-on practical business and management challenges. I think he will do a superb job, and I will be proud to support him.

My only reservation, and it does not relate to him, is that I think we need some continuity in the SBA. And I would hope that you would stay there for the maximum period of time allowed by both your circumstances and the President's circumstances, whether it is 1 year or 3 years, but I was hoping it would be several years, because I believe that having some continuity there is very important.

From everything I know, I think Mr. Bowles was doing a good job of building up morale and confidence, and he had a vision for the future.

In that respect, I hope that there can be as much continuity between his direction and yours, and that you see that it is as proper a direction as possible, because I think stability and continuity is something that agency really needs.

With that, I will be very proud to support you, and look forward to working with you.

The CHAIRMAN. We have another Senator on the way to ask questions. At this point, unless there is somebody who has a serious objection, I am going to defer to my—

Senator BOND. Mr. Chairman, I was going to ask a question.

The CHAIRMAN. I am sorry. Go ahead.

Senator BOND. I was just going to say, Mr. Lader, I will adopt all the words that my colleagues on both sides have said.

I guess just to be clear, we are going to have to explain to some of our colleagues what it is that the SBA is going to do under your direction on health care.

Mr. LADER. Well, under my direction, if confirmed, my role will be—

Senator BOND. If confirmed. Sorry.

Mr. LADER [continuing]. Running the agency, to the extent that health care issues are of vital concern to small business. I am going to be involved in listening, in building, rebuilding, if necessary, bridges, garnering the opinion of the small business community,

and articulating those views in the counsels of government, where that policy is being formulated.

Then I will be participating in the explanation of what the administration position is, whatever that position will be, to the small business community.

And I will work with the chief counsel in the office of advocacy, who has the unique role of whatever the administration's position is, advocating exclusively what he or she perceives the small business position to be.

So I will be an active participant, but, frankly, that will be a subordinate responsibility of mine, to the operation of the agency. My focus will be on performance, not on politics.

Senator BOND. And you will convey the policy of the administration to small business.

Mr. LADER. As an appointee of the President, it is my responsibility, sir. But I will also represent to the President, as his eyes and ears, as he has asked me to be, in the small business community, the small business community's views on these issues to him and his colleagues.

Senator BOND. I would only counsel you to apply the test as to where you spend the money.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. I am going to yield to my ranking member to make the motion to report this nominee favorably to the Senate, but we will not adjourn the committee until Senator Wallop gets here, and has an opportunity to ask whatever questions he may have, and to vote however he chooses to vote.

Senator PRESSLER. I move that we report the nomination out of the committee, but I want to be sure that the Senators who are still coming have a chance to ask questions. Do any of my colleagues have any disagreement with that?

Senator BOND. I second the motion.

The CHAIRMAN. The motion has been made and seconded. We report Phil Lader out of the committee favorably to be the Administrator of the Small Business Administration.

The clerk will call the roll.

The CLERK. Mr. Nunn.

Senator NUNN. Aye.

The CLERK. Mr. Levin.

[No response.]

The CLERK. Mr. Harkin.

Senator HARKIN. Aye.

The CLERK. Mr. Kerry.

The CHAIRMAN. Aye, by proxy.

The CLERK. Mr. Lieberman.

The CHAIRMAN. Aye, by proxy.

The CLERK. Mr. Wellstone.

The CHAIRMAN. Aye, by proxy.

The CLERK. Mr. Wofford.

The CHAIRMAN. Aye, by proxy.

The CLERK. Mr. Heflin.

The CHAIRMAN. Aye, by proxy.

The CLERK. Mr. Lautenberg. [No response.]

Mr. Kohl.

Senator KOHL. Aye.  
The CLERK. Ms. Moseley-Braun.  
Senator MOSELEY-BRAUN. Aye.  
The CLERK. Mr. Pressler.  
Senator PRESSLER. Aye.  
The CLERK. Mr. Wallop. [No response.]  
Mr. Bond.  
Senator BOND. Aye.  
The CLERK. Mr. Burns.  
The CHAIRMAN. Aye, by proxy.  
The CLERK. Mr. Mack.  
The CHAIRMAN. Aye, by proxy.  
The CLERK. Mr. Coverdell.  
The CHAIRMAN. Aye, by proxy.  
The CLERK. Mr. Kempthorne.  
The CHAIRMAN. Aye, by proxy.  
The CLERK. Mr. Bennett.  
Senator BENNETT. Aye.  
The CLERK. Mr. Chafee.  
The CHAIRMAN. Aye, by proxy.  
The CLERK. Mrs. Hutchison. [No response.]  
Mr. Chairman.

The CHAIRMAN. Aye. Mr. Levin votes aye, by proxy.

Senator BENNETT. Mr. Chairman, will those Senators not present have a chance to be recorded?

The CHAIRMAN. They will. Before the vote is announced, let me restate that any Senator that has not voted will be permitted to do so between now and 6 p.m. by calling the staff director of the committee.

The CLERK. That is 19 in favor.

The CHAIRMAN. The vote is 19 in favor of reporting this nominee. No votes in the negative. We will simply stand at ease here for a moment until Senator Wallop gets here. I do not want to deprive him of the opportunity to question the nominee.

[Pause.]

The CHAIRMAN. Senator Wallop will not be coming. He has sent his vote in the affirmative to confirm. With that, the hearing is adjourned.

[Whereupon, at 4.20 p.m., the hearing was adjourned.]











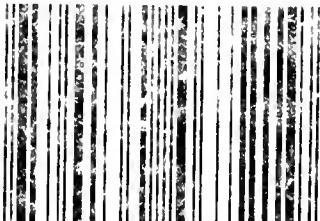
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